

EXHIBIT 1



Microsoft to Acquire WebTV Networks

Cornerstone of Effort to Combine Best of Internet, Digital Television

LAS VEGAS, April 6, 1997 — At the annual convention of the National Association of Broadcasters, Microsoft Corp. today announced the signing of a definitive agreement to acquire WebTV Networks Inc. for approximately \$425,000,000 in stock and cash.

"This partnership with WebTV underscores our strategy of delivering to consumers the benefits of the Internet together with emerging forms of digital broadcasting," said Bill Gates, chairman and CEO of Microsoft.

WebTV Networks offers a complete end-to-end system that provides consumers easy-to-use access to the Internet via television. The WebTV Network service is the first online service that brings high-quality and high-performance Internet access to televisions. WebTV Networks currently licenses its WebTV Reference Design for set-top boxes to two consumer electronics manufacturers - Philips Consumer Electronics Co. and Sony Electronics Inc. Set-top boxes enable television viewers to interactively "surf" the Internet by using only a television remote control, without sacrificing the rich content or capabilities available to conventional Internet enthusiasts.

In announcing the acquisition during his keynote address to the National Association of Broadcasters, Microsoft Senior Vice President Craig Mundie commented that "this acquisition is a result of what both WebTV Networks and Microsoft see as a great opportunity - to deliver a new generation of 'better TV' for consumers."

WebTV Networks was founded by Steve Perlman, president and CEO; Bruce Leak, COO; and Phil Goldman, senior vice president of engineering. Perlman and Goldman joined Mundie on stage during his address, to formally announce the acquisition.

"We are thrilled to become a part of Microsoft's broad initiative to enable Internet access and digital broadcasting for televisions as well as PCs," Perlman said. "Our vision has been to make Internet access via TV a low-cost, fun, easy and compelling experience for consumers. We look forward to working with Microsoft to make that experience available to an even broader range of consumers, in conjunction with our combined content and hardware partners."

Mundie indicated that the WebTV offerings would, over time, take full advantage of key Microsoft® technologies, including multimedia versions of Windows® CE, Microsoft's recently-introduced operating system designed for a variety of mobile computing, entertainment and embedded applications.

"WebTV Networks has developed the state-of-the-art user experience for accessing Internet content on the TV," Mundie said. "We believe there's a great fit between WebTV Networks' technologies and our efforts with Windows CE and Microsoft Internet Explorer to make digital television a reality. This acquisition is the cornerstone of our long-term effort to combine the best of the Internet and the best of digital television technology."

WebTV Networks will operate as a subsidiary of Microsoft and retain its offices and staff in Palo Alto, Calif. Perlman will continue to manage the WebTV Networks subsidiary and will report to Mundie.

The acquisition is subject to regulatory approval.

Founded in June 1995 by Steve Perlman, Bruce Leak and Phil Goldman, WebTV Networks is dedicated to bringing high-quality affordable Internet access to television consumers through the WebTV Network service and the company's end-to-end suite of technologies. WebTV Internet Terminal units are currently available through its licensees, Sony Electronics Inc. and Philips Consumer Electronics Company, at consumer electronics stores nationwide. WebTV Networks is based in Palo Alto, Calif.

Founded in 1975, Microsoft (NASDAQ "MSFT") is the worldwide leader in software for personal computers. The company offers a wide range of products and services for business and personal use, each designed with the mission of making it easier and more enjoyable for people to take advantage of the full power of personal computing every day.

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Note to editors: If you are interested in viewing additional information on Microsoft or Web TV Networks, please visit their respective Web pages at <http://www.microsoft.com/presspass/> on Microsoft's corporate information pages, or at (<http://www.webtv.net/>)

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